

AMENDED IN ASSEMBLY APRIL 26, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2521**

---

**Introduced by Assembly Member Torrico**

February 19, 2010

---

An act to amend Section 77206 of the Government Code, relating to courts.

LEGISLATIVE COUNSEL’S DIGEST

AB 2521, as amended, Torrico. Courts: budget and fiscal management.

Existing law authorizes the Judicial Council to regulate the budget and fiscal management of the trial courts, and requires the Judicial Council to adopt regulations for recordkeeping and accounting by the courts ensuring that all revenues and expenditures relating to court operations are known. At the request of the Legislature, the Controller may perform and publish financial and fiscal compliance audits of the reports of court revenues and expenditures. The Controller is required to report the results of these audits to the Legislature and the Judicial Council, and the Judicial Council or its representative may perform audits and reviews of all court financial records wherever they may be located.

*This bill would eliminate the authority of the Judicial Council pursuant to those provisions to perform audits and reviews of court financial records, instead, authorize the Judicial Council or its representatives to inspect, review, and perform comprehensive oversight and analysis of court financial records wherever they may be located, and to investigate allegations of financial impropriety or mismanagement. The bill also would require the Controller, on or before December 15, 2012,*

*and annually thereafter, to perform an audit of each trial court, including a review of all funds and accounts under the jurisdiction and control of each trial court. The bill would require the Controller to develop the report format and an audit guide, as specified. The bill would require the Controller to compile the trial court audit findings and report the results of these audits to the Legislature, Judicial Council, and the Department of Finance no later than April 1 of each year. The bill would provide that the audit be paid for from funds of the local trial court being audited.*

*This bill also would require the Controller, on or before February 1, 2012, and annually thereafter, to perform an audit of the Administrative Office of the Courts, including a review of all funds under the jurisdiction and control of the Administrative Office of the Courts. The Controller would be required to report the results of this audit to the Legislature, Judicial Council, and the Department of Finance no later than April 1 of each year. The bill would provide that the costs of the audit be reimbursed by the Administrative Office of the Courts.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 77206 of the Government Code is
- 2 amended to read:
- 3 77206. (a) Notwithstanding any other law, the Judicial Council
- 4 may regulate the budget and fiscal management of the trial courts.
- 5 The Judicial Council, in consultation with the Controller, shall
- 6 maintain appropriate regulations for recordkeeping and accounting
- 7 by the courts. The Judicial Council shall seek to ensure, by these
- 8 provisions, both of the following:
- 9 (1) The fiscal affairs of the trial courts are managed efficiently,
- 10 effectively, and responsibly.
- 11 (2) All moneys collected by the courts, including filing fees,
- 12 fines, forfeitures, and penalties, and all revenues and expenditures
- 13 relating to court operations are known.
- 14 The Judicial Council may delegate their authority under this
- 15 section, when appropriate, to the Administrative Director of the
- 16 Courts.
- 17 (b) Regulations, rules, and reporting requirements adopted
- 18 pursuant to this chapter shall be exempt from review and approval

1 or other processing by the Office of Administrative Law as  
2 provided for in Chapter 3.5 (commencing with Section 11340) of  
3 Part 1 of Division 3 of Title 2.

4 (c) The Controller, at the request of the Legislature, may perform  
5 and publish financial and fiscal compliance audits of the reports  
6 of court revenues and expenditures. The Controller shall report  
7 the results of these audits to the Legislature and the Judicial  
8 Council.

9 (d) The Judicial Council shall provide for the transmission of  
10 summary information concerning court revenues and expenditures  
11 to the Controller.

12 (e) The Judicial Council shall adopt rules to provide for  
13 reasonable public access to budget allocation and expenditure  
14 information at the state and local level.

15 (f) The Judicial Council shall adopt rules ensuring that, upon  
16 written request, the trial courts provide, in a timely manner,  
17 information relating to the administration of the courts, including  
18 financial information and other information that affects the wages,  
19 hours, and working conditions of trial court employees.

20 (g) *The Judicial Council or its representatives may do any of*  
21 *the following:*

22 (1) *Inspect, review, and perform comprehensive oversight and*  
23 *analysis of court financial records wherever they may be located.*

24 (2) *Investigate allegations of financial impropriety or*  
25 *mismanagement.*

26 *The authority granted pursuant to this subdivision shall not*  
27 *substitute for, or conflict with, the authority of the Controller to*  
28 *conduct annual financial audits pursuant to subdivision (h).*

29 (h) (1) *On or before December 15, 2012, and annually*  
30 *thereafter, the Controller shall perform an audit of each trial court.*  
31 *The audit shall include a review of all funds and accounts under*  
32 *the jurisdiction and control of each trial court, including, but not*  
33 *limited to, the Trial Court Trust Fund, the Judicial Administration*  
34 *Efficiency and Modernization Fund, the Trial Court Improvement*  
35 *Fund, the Court Interpreters' Fund, the Family Law Trust Fund,*  
36 *and the Mental Health Services Fund, as well as any federal funds*  
37 *and grants, and any other funds within the trial court's control.*  
38 *The audit required by this paragraph shall be in addition to any*  
39 *audit regularly conducted by the Controller, including all of the*  
40 *following:*

1     (A) *The Controller's audit of state funds in the possession and*  
2 *control of the trial courts.*

3     (B) *Audits of the fines, forfeitures, assessments, fees, restitutions,*  
4 *and parking surcharges and penalties collected and distributed*  
5 *by the trial courts.*

6     (C) *Audits requested pursuant to subdivision (c).*

7     (2) *All trial court audits for each fiscal year shall be developed*  
8 *and reported using a format established by the Controller after*  
9 *consultation with the Judicial Council and the trial courts.*

10    (3) *The Controller, in consultation with the Judicial Council*  
11 *and the trial courts, shall develop an audit guide to carry out the*  
12 *purposes of this subdivision. A supplement to the audit guide may*  
13 *be adopted in the audit year to address issues resulting from new*  
14 *legislation in that year that may impact the funds under the*  
15 *jurisdiction and control of a trial court. The audit guide prepared*  
16 *by the Controller shall be used in the performance of the audit*  
17 *required by this subdivision.*

18    (4) *Notwithstanding Section 10231.5, the Controller shall*  
19 *compile the trial court audit findings and report the results of these*  
20 *audits to the Legislature, Judicial Council, and the Department*  
21 *of Finance no later than April 1 of each year.*

22    (5) *The cost of the audit conducted pursuant to this subdivision*  
23 *shall be paid from funds of the local trial court being audited.*

24    (i) (1) *On or before February 1, 2012, and annually thereafter,*  
25 *the Controller shall perform an audit of the Administrative Office*  
26 *of the Courts. The audit shall include a review of all funds under*  
27 *the jurisdiction and control of the Administrative Office of the*  
28 *Courts, including, but not limited to, the Motor Vehicle Account*  
29 *in the State Transportation Fund, the Trial Court Trust Fund, the*  
30 *Judicial Administration Efficiency and Modernization Fund, the*  
31 *Trial Court Improvement Fund, the Court Interpreters' Fund, the*  
32 *Federal Trust Fund, the Family Law Trust Fund, the State Court*  
33 *Facilities Construction Fund, the Appellate Court Trust Fund, the*  
34 *Court Facilities Trust Fund, the Mental Health Services Fund, the*  
35 *Immediate and Critical Needs Account of the State Court Facilities*  
36 *Construction Fund, and the Judicial Branch Workers'*  
37 *Compensation Fund, as well as grants, and any other funds within*  
38 *the control of the Judicial Council and the Administrative Office*  
39 *of the Courts.*

1     (2) *Notwithstanding Section 10231.5, the Controller shall report*  
2     *the results of this audit to the Legislature, Judicial Council, and*  
3     *the Department of Finance no later than April 1 of each year.*

4     (3) *Any costs incurred by the Controller pursuant to this*  
5     *subdivision shall be reimbursed by the Administrative Office of*  
6     *the Courts.*

7     (j) *A report submitted pursuant to subdivision (h) or (i) shall*  
8     *be submitted in compliance with Section 9795.*

O